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# IHS Markit Myanmar Manufacturing PMI™

## Manufacturing business conditions stagnate in February

### Key findings

PMI weakens to just below neutral threshold of 50.0

Output and new orders rise, but at much slower rates

Stocks of finished goods decline at fastest pace on record

Business conditions in Myanmar's manufacturing sector abruptly stalled in February, according to PMI™ survey data from IHS Markit. Overall business conditions failed to improve for the first time since October 2018, signalled by the headline PMI coming in just below the no-change mark of 50.0.

The headline IHS Markit Myanmar Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI posted 49.8 in February, down sharply from 52.7 in January. The latest figure signalled a stagnation in manufacturing business conditions in Myanmar, ending a survey-record 15-month period of continuous improvement. Moreover, the 2.9-point month-on-month fall in the headline figure was the joint-largest observed by the survey since it began in December 2015, equalling the size of the drop registered in May 2018.

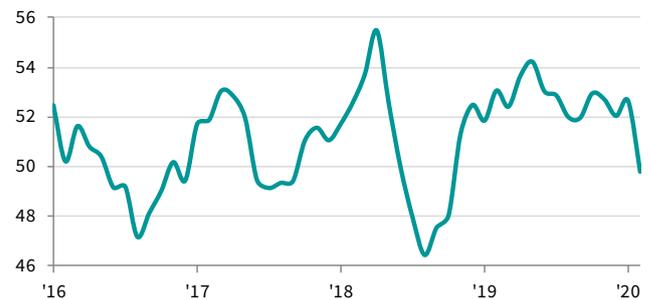
The drop in the PMI reflected weaker contributions from four of the five components. Growth of output and new orders both slowed sharply since January, while employment was broadly unchanged in February and stocks of purchases declined at a faster rate. The final component – suppliers' delivery times – was broadly stable despite some reports of delays due to shutdowns in China.

Manufacturing output and new orders both rose for the sixteenth successive month in February, the longest respective sequences of growth in the survey history. That said, both rates of expansion were the weakest over this period, and in the context of the four-year survey history.

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Myanmar Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

*"Myanmar's 15-month run of improving manufacturing business conditions was abruptly halted in February, as the PMI equalled its largest ever one-month fall to come in just below the neutral 50.0 mark."*

*"The output and new orders indices remained in expansion territory, but both fell sharply since January. The employment component signalled no increase in the workforce, while the suppliers' delivery times data suggested limited disruption so far from the COVID-19 outbreak."*

*"Viewed in isolation, these four components would still have resulted in an overall improvement in business conditions. But the headline PMI was pulled below 50.0 by a marked drop in input stocks, which has a 10% weight."*

*"While the 12-month horizon still looks positive, the near-term outlook is uncertain. A record drop in finished goods stocks may not necessarily translate into a future rise in output if the trend in new orders weakens further. And it is still too early to gauge the full impact of the virus outbreak on supply chains and demand."*

Slower growth of new orders led firms to clear out existing workloads at a faster rate in February. Backlogs were depleted at the strongest pace since December 2017. Meanwhile, stocks of finished goods contracted at the fastest rate in the four-year survey history.

Manufacturing employment in Myanmar was broadly unchanged in February compared with the start of 2020, the first time the workforce had not expanded on a monthly basis for over a year.

Purchasing operations were scaled down in February as a result of slower demand. The overall volume of inputs ordered rose, but at only a marginal pace. Subsequently, stocks of purchases fell at the fastest rate since September 2018.

Suppliers' delivery times lengthened by the most in four months in February, but overall there was little evidence of supply chain disruption resulting from the COVID-19 outbreak in China.

Inflationary pressures picked up in February, with average input prices rising at the fastest rate in five months. This led manufacturers to increase their own output charges for the first time since last November.

The 12-month outlook for output remained positive in February. Overall sentiment was little-changed from the recent highs posted in December and January. Firms mainly linked higher expected production to machinery upgrades and planned new products.

## Contact

Trevor Balchin  
Economics Director  
IHS Markit  
T: +44-1491-461-065  
[trevor.balchin@ihsmarkit.com](mailto:trevor.balchin@ihsmarkit.com)

Bernard Aw  
Principal Economist  
IHS Markit  
T: +65 6922 4226  
[bernard.aw@ihsmarkit.com](mailto:bernard.aw@ihsmarkit.com)

Katherine Smith  
Corporate Communications  
IHS Markit  
T: +1-781-301-9311  
[katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

### Methodology

The IHS Markit Myanmar Manufacturing PMI™ is compiled by IHS Markit from responses to monthly questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

February data were collected 12-20 February 2020.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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### About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.  
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